

Next Edge Biotech and Life Sciences Opportunities Fund

Annual Financial Statements – 2024
As at and for the year ended December 31, 2024



NEXTEDGE
CAPITAL

Next Edge Biotech and Life Sciences Opportunities Fund

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Next Edge Biotech and Life Sciences Opportunities Fund

Management’s responsibility for financial reporting

Next Edge Capital Corp. (the “Manager”) is responsible for the accompanying financial statements of Next Edge Biotech and Life Sciences Opportunities Fund (the “Fund”) and all the information in this report. These financial statements have been approved by the Board of Directors of Next Edge Capital Corp., as Manager and Trustee. The financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board and, where appropriate, reflect management’s judgment and best estimates.

Management has established systems of internal controls that provide assurance that assets are safeguarded from loss or unauthorized use and produce reliable accounting records for the preparation of financial information. The systems of internal controls meet management’s responsibilities for the integrity of the financial statements.

The Manager recognizes its responsibility to conduct the Fund’s affairs in the best interest of its unitholders.

Respectfully,



Robert Anton
President



David Scobie
Chief Operating Officer

Next Edge Capital Corp.
March 31, 2025

Independent Auditor's Report

To the Unitholders of
Next Edge Biotech and Life Sciences Opportunities Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive loss, changes in net assets attributable to holders of redeemable units and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
April 1, 2025

Next Edge Biotech and Life Sciences Opportunities Fund

Statements of financial position

As at December 31,	Notes	2024	2023
ASSETS			
Current assets			
Investments at fair value through profit or loss	5,6	7,250,277	9,736,473
Cash		287,425	426,939
Subscriptions receivable		-	21,000
Receivable for investments sold		-	128,916
Interest and other receivables		4,645	7,102
Total assets		7,542,347	10,320,430
LIABILITIES			
Current liabilities			
Financial liabilities at fair value through profit or loss	5,6	1,555	161,857
Payable for investments purchased		34,794	35,734
Redemptions payable		1,900	37,365
Administration fee payable		80,085	22,260
Management fees payable	9,10	3,602	11,334
Harmonized Sales Tax payable		6,336	2,970
Total liabilities		128,272	271,520
Net assets attributable to holders of redeemable units		7,414,075	10,048,910
Net assets attributable to holders of redeemable units per class			
Class A		3,997	8,970
Class F		21,019	14,471
Class A1		1,257,257	2,350,528
Class F1		6,131,802	7,674,941
		7,414,075	10,048,910
Number of redeemable units outstanding per class			
Class A	7	638	1,000
Class F	7	3,321	1,615
Class A1	7	347,135	456,287
Class F1	7	1,617,339	1,439,736
Net assets attributable to holders of redeemable units per Unit			
Class A		6.26	8.97
Class F		6.33	8.96
Class A1		3.62	5.15
Class F1		3.79	5.33

Approved by Next Edge Capital Corp.



Robert Anton
President



David Scobie
Chief Operating Officer

The accompanying notes are an integral part of these financial statements

Next Edge Biotech and Life Sciences Opportunities Fund

Statements of comprehensive loss

For the years ended December 31,	Notes	2024	2023
Income			
Interest income for distribution purposes		21,172	36,982
Foreign currency gain (loss) on cash and other net assets		40,401	14,253
Net realized gain (loss) on sale of investments		(2,144,417)	(1,571,700)
Net change in unrealized appreciation (depreciation) on investments	6	(262,671)	1,251,724
Net (loss) gain on investments		(2,407,088)	(319,976)
Total (loss) income		(2,345,515)	(268,741)
Expenses			
Transaction costs		365,217	314,280
Administrative fees		147,000	152,346
Audit fees		78,499	50,087
Legal fees		31,531	39,585
Management fees	9,10	18,388	30,027
Unitholder reporting costs		7,206	12,963
Independent Review Committee fees	10	14,426	18,747
Withholding tax		810	15,035
Harmonized sales tax		13,985	9,588
Custody fees		4,616	4,575
Interest expense		411	-
		682,089	647,233
Less: expenses absorbed by the Manager	10	(147,994)	(211,015)
Total expenses		534,095	436,218
Increase (Decrease) in net assets attributable to holders of redeemable units			
		(2,879,610)	(704,959)
Increase (Decrease) in net assets attributable to holders of redeemable units per class			
Class A		(3,529)	(1,030)
Class F		(8,452)	(2,198)
Class A1		(565,745)	(213,876)
Class F1		(2,301,884)	(487,855)
		(2,879,610)	(704,959)
Average number of units outstanding			
Class A		1,328	1,000
Class F		2,883	1,418
Class A1		391,111	553,393
Class F1		1,501,276	1,290,131
Increase (Decrease) in net assets attributable to holders of redeemable units per Unit			
Class A		(2.66)	(1.03)
Class F		(2.93)	(1.55)
Class A1		(1.45)	(0.39)
Class F1		(1.53)	(0.38)

The accompanying notes are an integral part of these financial statements

Next Edge Biotech and Life Sciences Opportunities Fund

Statements of changes in net assets attributable to holders of redeemable units

For the years ended December 31,	2024	2023
<u>Class A</u>		
Beginning of year	8,970	10
Increase (Decrease) in net assets attributable to holders of redeemable units from operations	(3,529)	(1,030)
Proceeds and consideration received from issuance of units	5,000	9,990
Consideration paid for redemption of units	(6,444)	-
End of year	3,997	8,970
<u>Class F</u>		
Beginning of year	14,471	10
Increase (Decrease) in net assets attributable to holders of redeemable units from operations	(8,452)	(2,198)
Proceeds and consideration received from issuance of units	15,000	16,659
End of year	21,019	14,471
<u>Class A1</u>		
Beginning of year	2,350,528	3,881,473
Increase (Decrease) in net assets attributable to holders of redeemable units from operations	(565,745)	(213,876)
Proceeds and consideration received from issuance of units	45,513	195,900
Consideration paid for redemption of units	(573,039)	(1,512,969)
End of year	1,257,257	2,350,528
<u>Class F1</u>		
Beginning of year	7,674,941	6,152,952
Increase (Decrease) in net assets attributable to holders of redeemable units from operations	(2,301,884)	(487,855)
Proceeds and consideration received from issuance of units	2,450,879	2,837,182
Consideration paid for redemption of units	(1,692,134)	(827,338)
End of year	6,131,802	7,674,941

The accompanying notes are an integral part of these financial statements

Next Edge Biotech and Life Sciences Opportunities Fund

Statements of cash flows

For the years ended December 31,	2024	2023
Cash flows from operating activities		
(Decrease) Increase in net assets attributable to holders of redeemable Units	(2,879,610)	(704,959)
Adjustments in net assets attributable to holders to net cash from operating activities		
Proceeds from sale of investments	31,329,960	29,183,856
Purchase of investments	(31,283,178)	(29,692,087)
Foreign currency (gain) loss on cash and other net assets	(40,401)	(14,253)
Change in unrealized depreciation (appreciation) of investments	262,671	(1,251,724)
Net realized gain (loss) on sale of investments	2,144,417	1,571,700
(Increase) decrease in interest receivable and other receivables	2,457	11,717
Increase (decrease) in other payables and accrued liabilities	53,459	20,999
Net cash used in operating activities	(410,225)	(874,751)
Cash flows from financing activities		
Proceeds from redeemable units issued	2,537,392	3,087,751
Amount paid on redemption of redeemable units	(2,307,082)	(2,332,528)
Net cash provided by financing activities	230,310	755,223
Foreign currency gain (loss) on cash and other net assets	40,401	14,253
Net increase (decrease) in cash	(139,514)	(105,275)
Cash, beginning of year	426,939	532,214
Cash, end of year	287,425	426,939
Supplemental disclosure of cash flow information:		
Interest received	23,629	48,699

The accompanying notes are an integral part of these financial statements

Next Edge Biotech and Life Sciences Opportunities Fund

Schedule of investments

As at December 31, 2024

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
	Long Positions (97.7%)		
	Canadian equities (13.5%)		
	Healthcare Equipment & Services (0.1%)		
675,000	Imagin Medical Inc.	264,879	10,125
250,000	Imagin Medical Inc., Warrants, October 22, 2025 - Strike Price \$0.025	-	3
250,000	Imagin Medical Inc., Warrants, October 22, 2025 - Strike Price \$0.03	-	3
1,948,000	SQI Diagnostics Inc.	425,117	-
	Healthcare Equipment and Services Total	689,996	10,131
	Pharmaceuticals, Biotechnology and Life Sciences (13.4%)		
30,000	Alpha Cognition Inc.	240,492	254,130
19,000	Aurinia Pharmaceuticals Inc.	140,566	245,387
1,500,000	Cognetivity Neurosciences Ltd.	353,634	15,000
345,000	Cognetivity Neurosciences Ltd., Private Placement	100,050	3,450
15,000	Conavi Medical Corp., Warrants, January 26, 2026	-	-
600,000	Microbix Biosystems Inc.	289,168	246,000
90,000	Theratechnologies Inc.	176,745	235,800
750,000	Virotek Biosciences Inc., Private Placement	150,000	-
	Pharmaceuticals, Biotechnology and Life Sciences Total	1,450,655	999,767
	Total Canadian Equities	2,140,651	1,009,898
	Canadian Bond (0.9%)		
	Imagin Medical Inc., Private Bond, September 30, 2024	255,161	63,608
	Canadian Bond Total	255,161	63,608
	Total Canadian Equities and Bond	2,395,812	1,073,506
	United States Equities (66.5%)		
	Healthcare Equipment & Services (16.4%)		
10,852	Delcath Systems Inc.	156,121	187,913
4,200	Inari Medical Inc.	270,108	308,366
68,000	Neuraxis Inc.	244,299	229,826
10,500	Schrodinger Inc.	336,604	291,302
5,000	Simulations Plus Inc.	214,643	200,558
	Healthcare Equipment and Services Total	1,221,775	1,217,965

The accompanying notes are an integral part of these financial statements

Next Edge Biotech and Life Sciences Opportunities Fund

Schedule of investments (continued)

As at December 31, 2024

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
	Pharmaceuticals, Biotechnology and Life Sciences (50.1%)		
10,000	10X Genomics Inc.	439,662	206,527
34,940	Achieve Life Sciences Inc.	219,403	176,883
65,000	Acumen Pharmaceuticals Inc.	247,405	160,792
55,000	Alector Inc.	257,975	149,502
4,500	Bridgebio Pharma Inc.	178,362	177,590
25,000	CalciMedica Inc.	142,372	127,281
18,000	Clene Inc.	178,000	137,464
3,000	Cytokinetics Inc.	206,950	202,960
35,000	GT Biopharma Inc., Warrants, February 16, 2026 - Strike Price \$5.50	-	4,830
7,500	Inhibikase Therapeutics Inc.	34,794	34,794
29,838	Inmune Bio Inc.	214,478	200,405
12,000	KalVista Pharmaceuticals Inc.	150,215	146,179
30,000	Longeveron Inc.	89,942	74,643
80,000	Nektar Therapeutics	70,426	107,003
95,000	Ocugen Inc.	155,735	109,987
60,000	Pacific Biosciences of California Inc.	128,755	157,915
70,000	Protalix BioTherapeutics Inc.	155,146	186,248
11,000	Quanterix Corp.	182,887	168,170
15,000	REGENXBIO Inc.	225,932	166,760
66,500	RenovoRx Inc.	107,265	123,377
20,000	RenovoRx Inc., Warrants, August 30, 2026 - Strike Price \$10.80	253	339
30,756	Synaptogenix Inc.	328,019	158,798
4,500	TG Therapeutics Inc.	91,233	194,805
160,000	Unicycive Therapeutics Inc.	148,421	182,756
3,500	Viking Therapeutics Inc.	212,293	202,557
31,000	Xeris Biopharma Holdings Inc.	123,684	151,141
	Pharmaceuticals, Biotechnology and Life Sciences Total	4,289,607	3,709,706
	Total United States Equities	5,511,382	4,927,671
	United States Bond (0.0%)		
100,000	IntelGenx Technologies Corp., Private Bond, October 31, 2024	127,774	-
	United State Bond Total	127,774	-
	Total United States Equities & Bond	5,639,156	4,927,671

The accompanying notes are an integral part of these financial statements

Next Edge Biotech and Life Sciences Opportunities Fund

Schedule of investments (continued)

As at December 31, 2024

No. of Shares	Securities by Sector	Average Cost (\$)	Fair Value (\$)
	International Equities (11.9%)		
	Pharmaceuticals, Biotechnology and Life Sciences (11.9%)		
5,000	CRISPR Therapeutics AG	378,656	283,039
5,500	Legend Biotech Corp.	277,186	257,396
115	MeiraGTx Holdings PLC	1,054	1,007
18,000	Mural Oncology PLC.	83,599	83,359
17,000	UroGen Pharma Ltd.	356,251	260,387
	Pharmaceuticals, Biotechnology and Life Sciences Total	1,096,746	885,188
	Total International Equities	1,096,746	885,188
	Total Equities and Bonds	9,003,940	6,886,365
	Options (4.9%)		
	Purchased options (see options details)	699,572	363,912
	Total Long Position	9,703,512	7,250,277
	Short Position (-0.0%)		
	Written options (see options details)	(2,462)	(1,555)
	Total Short Position	(2,462)	(1,555)
	Transaction costs	(35,109)	-
	Total investment portfolio and options (97.7%)	9,665,941	7,248,722
	Cash (3.9%)		287,425
	Other assets net of liabilities (-1.6%)		(122,072)
	Total net assets attributable to holders of redeemable units (100.0%)		7,414,075

The accompanying notes are an integral part of these financial statements

Next Edge Biotech and Life Sciences Opportunities Fund

Schedule of investments (continued)

As at December 31, 2024

Option Details

Underlying Interest	Option Type	Number of Options	Strike Price (USD)	Expiry Date	Average Cost (\$)	Fair Value (\$)
Purchased Options						
ALECTOR INC@7.5 CALL OPT 17 JAN 25	Call	852	8	January 17, 2025	95,748	2,201
ANAPTYSBIO INC@25 CALL OPT 17 JAN 25	Call	70	25	January 17, 2025	48,585	628
AVADEL PHARMACEUTICALS PLC@10 CALL OPT 21 FEB 25	Call	175	10	February 21, 2025	30,391	29,573
CRINETICS PHARMACEUTICALS@65 CALL OPT 17 JAN 25	Call	100	65	January 17, 2025	26,966	164
DAY ONE BIOPHARMACEUTICALS @15 CALL OPT 21 FEB 25	Call	125	15	February 21, 2025	12,308	8,090
INTELLIA THERAPEUTICS INC@17.5 CALL OPT 17 JAN 25	Call	50	18	January 17, 2025	5,753	899
INTELLIA THERAPEUTICS@12.5 CALL OPT 21 FEB 25	Call	100	13	February 21, 2025	19,248	16,899
INVESCO CURRENCYSHARES CA@72 CALL OPT 21 MAR 25	Call	959	72	March 21, 2025	82,008	49,256
INVESCO CURRENCYSHARES@70 CALL OPT 21 MAR 25	Call	250	70	March 21, 2025	19,775	22,130
IOVANCE BIOTHERAPEUTICS@7 CALL OPT 21 FEB 25	Call	150	7	February 21, 2025	21,907	22,818
KALVISTA PHARMACEUTICALS INC@10 CALL OPT 17 JAN 25	Call	300	10	January 17, 2025	26,239	5,620
LEGEND BIOTECH CORP@42.5 CALL OPT 21 FEB 25	Call	125	43	February 21, 2025	25,344	20,225
MEIRAGTX HOLDINGS PLC@7.5 CALL OPT 17 JAN 25	Call	205	8	January 17, 2025	16,941	8,300
MODERNA INC@50 CALL OPT 31 JAN 25	Call	100	50	January 31, 2025	18,672	19,416

The accompanying notes are an integral part of these financial statements

Next Edge Biotech and Life Sciences Opportunities Fund

Schedule of investments (continued)

Underlying Interest	Option Type	Number of Options	Strike Price (USD)	Expiry Date	Average Cost (\$)	Fair Value (\$)
Purchased Options						
PHATHOM						
PHARMACEUTICALS@7.5 CALL OPT 17 JAN 25	Call	175	8	January 17, 2025	55,192	26,320
PROCEPT BIROBOTICS						
CORP@95 CALL OPT 21 FEB 25	Call	50	95	February 21, 2025	26,606	13,303
RIGEL PHARMACEUTICALS						
@20 CALL OPT 21 FEB 25	Call	100	20	February 21, 2025	19,044	17,258
SYNDAX						
PHARMACEUTICALS INC@17.5 CALL OPT 17 APR 25	Call	175	18	April 17, 2025	21,077	15,456
VIKING THERAPEUTICS@55						
CALL OPT 21 FEB 25	Call	100	55	February 21, 2025	31,804	16,899
VIRIDIAN THERAPEUTICS						
INC@20 CALL OPT 21 FEB 25	Call	150	20	February 21, 2025	31,460	23,190
Y-MABS						
THERAPEUTICS@7.5 CALL OPT 21 FEB 25	Call	125	8	February 21, 2025	39,695	20,674
Total Purchased Call Options					674,763	339,319
SPDR S&P 500 ETF						
TRUST@560 PUT OPT 17 JAN 25	Put	150	560	January 17, 2025	24,809	24,593
Total Purchased Put Options					24,809	24,593
Total Purchased Options					699,572	363,912
Written Options						
ANAPTYSBIO INC@40 CALL						
OPT 17 JAN 25	Call	(5)	40	January 17, 2025	(1,743)	-
CRINETICS						
PHARMACEUTICALS@60 CALL OPT 17 JAN 25	Call	(100)	60	January 17, 2025	(719)	(1,555)
Total Written Call Options					(2,462)	(1,555)
Total Written Options					(2,462)	(1,555)
Total Options					697,110	362,357

The accompanying notes are an integral part of these financial statements

Next Edge Biotech and Life Sciences Opportunities Fund

Notes to the financial statements

1. FUND INFORMATION

Next Edge Biotech and Life Sciences Opportunities Fund (the “Fund”) is a mutual fund established as a trust under the laws of the Province of Ontario and governed by a declaration of trust dated November 3, 2020. The Fund is divided into units of participation (“Units”) representing an interest in the Fund held by Unitholders. The Fund has four classes of Units: Class A1 Units, Class F1 Units, Class A Units, and Class F units. The Fund may have an unlimited number of classes of units and may issue an unlimited number of Units of each class. All classes of Units of the Fund are redeemable at the unitholders' option. Each class of Units is intended for different types of investors. All of the classes of Units have the same investment strategy and restrictions but differ with respect to one or more of their features, such as management fees, expenses, redemption fees, commissions or distributions. The net asset value per unit (“NAV per unit”) of each class is not the same as a result of the different fees, expenses and distributions allocable to each class of Units.

The Fund seeks short and long-term capital appreciation through the ownership of biotechnology and life sciences companies. Investments by the Fund may be made globally. The Fund started investing according to its investment objective on December 22, 2020.

The Fund is managed by Next Edge Capital Corp. (the “Manager”). The custodian, registrar, transfer agent and valuation agent of the Fund is RBC Investor Services Trust. The registered office of the Fund is located at 18 King Street East, Suite 902, Toronto, Ontario, Canada, M5C 1C4.

The financial statements were approved for issuance by the Manager on March 31, 2025.

2. BASIS OF PREPARATION

These financial statements have been prepared in compliance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on a going concern basis using the historical-cost convention. However, the Fund is an investment entity and primarily all financial assets and financial liabilities are measured at fair value in accordance with IFRS Accounting Standards. Accordingly, the Fund's accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the NAV for transactions with unitholders.

In applying IFRS Accounting Standards, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting periods. Actual results may differ from such estimates.

The financial statements have been presented in Canadian dollars, the Fund's functional currency.

3. MATERIAL ACCOUNTING POLICIES

Financial instruments

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Purchases and sales of financial assets are recognized at their trade date. The Fund's investments are designated as fair value through profit or loss (“FVTPL”) upon initial recognition and are measured at FVTPL. The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

Next Edge Biotech and Life Sciences Opportunities Fund

Notes to the financial statements (continued)

Financial instruments include financial assets and liabilities such as equity securities, open-ended investment funds and derivatives, cash and other trade receivables and payables. All financial assets and liabilities are recognized in the statements of financial position when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership.

Classification and measurement

The Fund classifies and measures financial instruments in accordance with IFRS 9, *Financial Instruments* ("IFRS 9"). The standard requires financial assets to be classified as amortized cost, FVTPL, or fair value through other comprehensive income ("FVOCI") based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of these assets. Assessment and decision on the business model approach used is an accounting judgment. The Fund classifies investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess performance and to make decisions. Consequently, all investments are measured at FVTPL.

More specifically, the Fund's investments, derivative assets and liabilities, and short sales, if any, are measured at FVTPL. The Fund's obligation for NAV attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and liabilities are initially recognized at fair value and subsequently measured at amortized cost. Under this method, financial assets and liabilities reflect the amounts required to be received or paid, discounted when appropriate, at the financial instrument's effective interest rate. The fair values of the Fund's financial assets and liabilities that are not carried at FVTPL approximate their carrying amounts due to their short-term nature.

Impairment

IFRS 9 requires that an entity recognize a loss allowance for expected credit losses on financial assets that are measured at amortized cost or FVOCI. Financial assets held by the Fund that are measured at FVTPL will not be subject to the impairment requirements.

With respect to receivables, the Fund considers both historical analysis and forward-looking information in determining any expected credit loss. As at the financial statement date, all receivables are due to be settled within the short term. The Fund considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligation in the near term. No loss allowance has been recognized as any such impairment will not have a material impact on the financial statements.

Fair value and subsequent measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Unlisted securities are determined by the Manager on the basis of the latest reported information available. Fixed income securities, debentures and other debt instruments, including short-term investments, are valued at the quotation from recognized investment dealers.

The Fund may engage in option contract transactions by purchasing (long positions) or writing (short positions) call or put option contracts. These contracts have different risk exposures for the Fund: whereas the risk for long positions

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Notes to the financial statements (continued)

will be limited to the premium paid to purchase the option contracts, the risk exposure for short positions is potentially unlimited until closed or expired.

The premium paid for purchasing an option is recorded as an asset in the statements of financial position. The premium is valued as at the close of business on every business day, or, if not a business day, on the following business day and on any other day as the Manager determines (a "Valuation Date") at an amount equal to the fair value of the option that would have the effect of closing the position. The change in the difference between the premium and the fair value is shown as "Net change in unrealized appreciation (depreciation) on investments" in the statements of comprehensive loss. When a purchased option expires, the Fund will realize a loss equal to the premium paid. When a purchased option is closed, the gain or loss the Fund will realize will be the difference between the proceeds and the premium paid. When a purchased call option is exercised, the premium paid is added to the cost of acquiring the underlying security. When a purchased put option is exercised, the premium paid is subtracted from the proceeds from the sale of the underlying security that had to be sold.

The premium received from writing a call or put option is recorded as a liability in the statements of financial position. When a written option expires, the Fund will realize a gain equal to the premium received. When a written option is closed, the Fund will realize a gain or loss equal to the difference between the cost at which the contract was closed and the premium received. When a written call option is exercised, the premium received is added to the proceeds from the sale of the underlying investments to determine the realized gain or loss. When a written put option is exercised, the premium received will be subtracted from the cost of the underlying investment the Fund had purchased. The gain or loss that the Fund realizes when a purchased or written option is expired or closed is recorded as "Net realized gain (loss) on sale of investments" in the statements of comprehensive loss.

All unlisted warrants have been valued using the Black-Scholes model.

Net assets attributable to holders of redeemable units

Net assets attributable to holders of redeemable units are classified as financial liabilities and are redeemable at the unitholder's option at prices based on the Fund's NAV per unit at the time of redemption. The amounts are continuously measured at their redemption value.

The NAV measured as at the Valuation Date will be obtained by the valuation agent by taking the then fair value of the assets of the Fund less the aggregate amount of its liabilities excluding those attributable to holders of redeemable units. The NAV per unit of any class of units of the Fund for a Valuation Date will be obtained by dividing the then fair value of the assets of the Fund less the aggregate amount of its liabilities (excluding those attributable to holders of redeemable units) in each case attributable to that class of units, by the total number of units of the class outstanding at the time the calculation is made on the Valuation Date and adjusting the result to a maximum of four decimal places.

For each Fund unit sold, the Fund receives an amount equal to the NAV per unit, on the date of the transaction. Units are redeemable at the option of the unitholders at their NAV per unit on the redemption date. For each unit redeemed, the number of issued and outstanding units is reduced and the net assets attributable to holders of redeemable units are reduced by the related NAV on the date of redemption.

The calculation of the value of net assets attributable to holders of redeemable units for financial statement purposes in accordance with IFRS Accounting Standards is consistent with the calculation of the NAV for transactional purposes.

Investment transactions and income recognition

Investment transactions are accounted for as of the trade date. Income and expenses are recorded on an accrual basis. Interest income for distribution purposes is recorded as it is earned.

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Notes to the financial statements (continued)

Dividend revenue is recognized when the Fund's right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statements of comprehensive loss.

“Interest income for distribution purposes” shown on the statements of comprehensive loss represents the coupon interest received by the Fund accounted for on an accrual basis.

Realized gains and losses from security transactions are calculated using the average cost basis.

The year-over-year change in the difference between fair value and the average cost is shown as the net change in unrealized appreciation (depreciation) on investments.

Transaction costs such as brokerage commissions incurred in the purchase and sale of securities by the Fund are charged to net income in the year.

Functional and presentation currency

The Fund's functional and presentation currency is the Canadian dollar (“CAD”), which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity is managed in CAD. Therefore, the CAD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's subscriptions and redemptions are denominated in CAD.

The fair value of foreign-currency-denominated portfolio investments, foreign currency holdings and other assets and liabilities denominated in a foreign currency are translated into the Fund's reporting currency using the closing rate of exchange on each valuation date. Income, expenses and investment transactions in foreign currencies are translated into the Fund's reporting currency at the rate of exchange prevailing on the respective dates of such transactions.

Foreign exchange gains (losses) relating to cash, receivables and payables are presented as “Foreign currency gain (loss) on cash and other net assets” and those relating to financial instruments classified as held for trading and FVTPL are presented within “Net realized gain (loss) on sale of investments” and “Net change in unrealized appreciation (depreciation) on investments” in the statements of comprehensive loss.

Cash

Cash comprises deposits with financial institutions.

Net assets attributable to holders of redeemable units per unit

The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of the class by the weighted average number of units outstanding of the class during the year.

Income and expense allocation

The realized and unrealized gains or losses, income, and expenses (other than class-specific operating expenses and management fees) of the Fund are allocated on each Valuation Date to the redeemable participating unitholders in proportion to the respective prior day's NAV, which includes redeemable participating unitholder trades dated for that day, of each class at the date on which the allocation is made. Class-specific operating expenses and management fees are applied to the corresponding classes accordingly. All operating expenses are paid by the Manager and are collected from the Fund on a recoverable basis.

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Notes to the financial statements (continued)

Taxation

The Fund is a mutual fund trust under the *Income Tax Act* (Canada) (the “Tax Act”). All of the Fund’s net income for tax purposes and sufficient net capital gains realized in any year are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the statements of financial position as a deferred income tax asset. See note 8.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 18, *Presentation and Disclosure in Financial Statements*

IFRS 18, *Presentation and Disclosure in Financial Statements* replaces IAS 1, *Presentation of Financial Statements* effective for annual periods beginning on or after January 1, 2027. The standard aims to improve financial statement compatibility and transparency by introducing a more structured statement of comprehensive income. It is anticipated the Fund’s classification of income and expenses, particularly within the operating category, will be impacted. The Manager is actively assessing the implications of IFRS 18 and its impact on the Fund’s financial statements and disclosures.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements.

Fair value measurement of investments and derivatives not quoted in active market

The Fund may, from time to time, hold financial instruments that are not quoted in active markets, such as unlisted securities, private securities or derivatives. Unlisted securities are valued based on price quotations from recognized investment dealers, or failing that, their fair value is determined by the Manager on the basis of the latest reported information available. The fair value of private securities is determined by using valuation models that may be based, in part, on assumptions that are not supported by observable market inputs. These methods and procedures may include, but are not limited to, performing comparisons with prices of comparable or similar securities, obtaining valuation related information from issuers and/or other analytical data relating to the investment and using other available indications of value. These values are independently assessed by the Manager to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for these securities may be materially different from the values that would have been used had a ready market for the investment existed.

The fair values of private securities are affected by the perceived credit risks of the issuer, predictability of cash flows and the length of time to maturity.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Next Edge Biotech and Life Sciences Opportunities Fund

Notes to the financial statements (continued)

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Fund's activities expose it to a variety of risks as follows: portfolio concentration risk, biotechnology industry risk, credit risk, interest rate risk, liquidity risk and market risk (which includes currency risk and other price risk that encompasses biotechnology and life sciences sector risk). The Fund is also exposed to borrowing risk, counterparty risk, cybersecurity risk, derivatives risk, equity securities risk, exchange of tax information risk, legislation and litigation risk, leverage risk, multiple class risk, options risk, price volatility risk, repurchase and reverse repurchase transactions and securities lending risk, sector risk, short selling risk, stock market risk, substantial securityholder risk, and tax risk.

The Fund's portfolio manager intends to generate long-term appreciation for the Fund by way of alpha by active stock selection within the sector, rather than relying on passive beta and movement of the sector. The Fund's portfolio manager focuses on companies in the early to later stages of clinical development or early commercialization that meet specific proprietary criteria and whose data has been subjected to peer-reviewed analysis. In general, the Fund invests in equities of companies that are of smaller capitalization than those that make up the NASDAQ Biotechnology Index. The equities that the Fund invests in tend to offer more potential upside and are generally more volatile than those that comprise the indices cited above. The Fund also employs derivatives to reduce the volatility of a traditionally volatile sector, to generate income and for return enhancement (see the schedule of investments).

Portfolio concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is a geographical allocation, asset type, industry sector or counterparty. As the Fund's mandate is to invest predominantly in the biotechnology and healthcare sectors in Canada and the United States, the Fund is exposed to risks specific to the biotechnology and healthcare sectors, which are discussed below. Please refer to the schedule of investments for a listing of the Fund's portfolio.

The following tables summarize the investment concentration risks that are relevant for the Fund based on its investment objective. The investment portfolio of the Fund may change due to ongoing portfolio transactions.

Portfolio by Asset Mix	% of Net Asset Value	
	2024	2023
United States equities	66.5%	64.6%
Canadian equities	13.5%	8.2%
International equities	11.9%	14.4%
Equity options	4.9%	4.3%
Canadian bond	0.9%	2.5%
United States bond	-	1.3%
Total investments	97.7%	95.3%
Cash	3.9%	4.2%
Other net assets (liabilities)	(1.6%)	0.5%
Total net asset value	100.0%	100.0%

Next Edge Biotech and Life Sciences Opportunities Fund

Notes to the financial statements (continued)

Portfolio by Industry	% of Net Asset Value	
	2024	2023
Pharmaceuticals, biotechnology, and life sciences	75.4%	74.3%
Healthcare equipment and services	16.5%	16.7%
Equity Options	4.9%	4.3%
Corporate Bond	0.9%	-
Total investments	97.7%	95.3%
Cash	3.9%	4.2%
Other net assets (liabilities)	(1.6%)	0.5%
Total net asset value	100.0%	100.0%

Portfolio by Country	% of Net Asset Value	
	2024	2023
United States	71.4%	70.2%
Canada	14.4%	10.7%
International	11.9%	14.4%
Total investments	97.7%	95.3%
Cash and cash equivalents	3.9%	4.2%
Other net assets (liabilities)	(1.6%)	0.5%
Total net asset value	100.0%	100.0%

Credit risk

Credit risk is the risk that a security issuer or counterparty to a financial instrument will fail to meet its financial obligations. The fair value of a debt instrument includes consideration for the creditworthiness of the debt issuer. The carrying amount of debt instruments as shown on the schedule of investments represents the credit risk exposure of the Fund. Credit risk exposure for derivative instruments is based on the Fund's unrealized gain on the contractual obligations with the counterparty as at the reporting date. The credit risk exposure of the Fund's other assets is represented by their carrying amount as disclosed in the statements of financial position.

As at December 31, 2024, the Fund had \$63,608 (2023: \$386,290) exposure to one (2023: two) convertible debt instrument, which is an unrated bond.

The counterparty to all of the Fund's options transactions is Bank of Montreal, which has an S&P credit rating of A-1 on their short-term debt.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to daily cash redemptions. The Fund's policy is to have a majority of its portfolio investments in securities traded on exchanges that are liquid (i.e., investments that can be readily disposed of through market facilities).

The Fund may invest in derivatives, debt securities and unlisted equity investments that are not traded in an active market. As a result, the Fund may not be able to quickly liquidate its investments in these instruments at amounts that approximate their fair values or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In accordance with the Fund's policy, the Manager monitors the Fund's liquidity position on a daily basis. The tables below analyze the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

Next Edge Biotech and Life Sciences Opportunities Fund

Notes to the financial statements (continued)

December 31, 2024

Financial liabilities	On demand	< 3 months	Total
Financial liabilities at FVTPL	1,555	-	1,555
Redemption Payable	1,900	-	1,900
Administrative fees payable	-	80,085	80,085
Payable for investments purchased	34,794	-	34,794
Management fees payable	-	3,602	3,602
HST payable	-	6,336	6,336
	38,249	90,023	128,272

December 31, 2023

Financial liabilities	On demand	< 3 months	Total
Financial liabilities at FVTPL	161,857	-	161,857
Payable for investments purchased	35,734	-	35,734
Redemptions payable	37,365	-	37,365
Administrative fees payable	-	22,260	22,260
Management fees payable	-	11,334	11,334
HST payable	-	2,970	2,970
	234,956	36,564	271,520

Redeemable units are redeemable on demand at the holder's option. However, the Manager does not expect that the contractual maturity disclosed above will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer period.

Market risk

The Fund's investments are subject to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The following includes sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ, and the differences could be material.

(a) Currency risk

The Fund invests in financial instruments denominated in currencies other than CAD. These investments result in currency risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2024 and 2023 in CAD terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if CAD had strengthened or weakened by 5% in relation to each of the other currencies, with all other variables held constant.

December 31, 2024	Exposure			Impact on net assets attributable to holders of redeemable units		
	Currency	Monetary	Non-monetary	Total	Monetary	Non-monetary
United States dollar	149,468	6,605,146	6,754,614	7,473	330,257	337,730
% of net assets attributable to holders of redeemable units	2.0%	89.1%	91.1%	0.1%	4.5%	4.6%

Next Edge Biotech and Life Sciences Opportunities Fund

Notes to the financial statements (continued)

December 31, 2023	Exposure			Impact on net assets attributable to holders of redeemable units		
	Currency	Monetary	Non-monetary	Total	Monetary	Non-monetary
United States dollar	221,668	8,784,640	9,006,308	11,083	439,232	450,315
% of net assets attributable to holders of redeemable units	2.2%	87.4%	89.6%	0.1%	4.4%	4.5%

(b) Other price risk

Other price risk is the risk that the value of portfolio investments will fluctuate as a result of changes in market prices, other than those arising from interest rate or currency risk, whether caused by factors specific to an individual portfolio investment or all factors affecting all investments traded in a market or market segment. All portfolio investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. Please refer to the schedule of investments for a breakdown of the NAV of the Fund by security and geographic allocation. Sensitivity against the benchmark was not included as there is an insufficient period of trading to statistically create a meaningful correlation between the performance of the Fund's portfolio investments to the relevant benchmark.

(c) Biotechnology and life sciences sector risk

Companies within the biotechnology and life sciences industry invest heavily in research and development that may not necessarily lead to commercially successful products. This industry is also subject to increased governmental regulation, which may delay or inhibit the release of new products. Many biotechnology companies are dependent upon their ability to use and enforce intellectual property rights and patents. Any impairment of such rights may have adverse financial consequences. Biotechnology companies can be characterized by competition and rapid technological developments that may make a company's products or services obsolete in a short period of time. The industry is also characterized by product liability lawsuits and consequential high insurance costs. The market values of investments in the biotechnology and life sciences industry are often based upon speculation and expectations about future products, research progress, and new product filings with regulatory authorities. Biotechnology stocks, especially those of smaller, less-seasoned companies, also tend to be more volatile than the overall market.

Fair value measurement

The table below presents financial instruments measured at fair value in the statements of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1 – inputs are unadjusted quoted prices of identical instruments in active markets.

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – one or more significant inputs used in a valuation technique are unobservable in determining fair values of the instruments.

As at December 31, 2024 and 2023, the financial instruments measured at fair value in the statements of financial position are grouped into the fair value hierarchy as follows:

Next Edge Biotech and Life Sciences Opportunities Fund

Notes to the financial statements (continued)

December 31, 2024	Level 1	Level 2	Level 3	Total
Equities - long	6,789,009	5,174	28,574	6,822,757
Bonds - long	-	-	63,608	63,608
Purchased options	363,912	-	-	363,912
Written options	(1,555)	-	-	(1,555)
	7,151,366	5,174	92,182	7,248,722

December 31, 2023	Level 1	Level 2	Level 3	Total
Equities - long	8,688,354	38,887	29,220	8,756,461
Bonds - long	-	-	386,290	386,290
Purchased options	593,722	-	-	593,722
Written options	(161,857)	-	-	(161,857)
	9,120,219	38,887	415,510	9,574,616

All fair value measurements above are recurring. The carrying values of cash, subscriptions receivable, dividends receivable, payable for investments purchased, redemptions payable, distributions payable, accrued liabilities and the Fund's obligation for net assets attributable to holders of redeemable units are measured at amortized cost. Fair values are classified as Level 1 when the related security or derivative is actively traded, and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. SQI Diagnostics became a distressed security and the Fund transferred \$29,220 equity holding in the company from Level 1 to Level 3 during the year ended December 31, 2023. The 2023 transfer was the result of the company's announcement in 2023 of its intention to file for voluntary bankruptcy and as of December 31, 2023 there was doubt on the company's ability to continue as a going concern.

There were no transfers between level 1 and 2 of the fair value hierarchy during the year ended December 31, 2024. There was one transfer from Level 1 to Level 3 due to restructuring of the investment. The transfer from Level 2 to Level 3 was because the investments were no longer actively traded on the market.

Investments classified as Level 3 are valued at fair value based on unobservable inputs and assumptions, which may include credit spreads, industry multipliers, and discount rates. Management has assessed that the effect of changing these inputs to reasonably possible alternatives would not have a significant impact on the net assets attributable to holders of redeemable shares of the Fund as at December 31, 2024 and 2023.

The following table presents the movement in Level 3 for the year ended December 31, 2024:

	Bonds - long	Equities - long
Balance, beginning	386,290	29,220
Purchase	-	18,645
Transfer from Level 1	-	10,125
Transfer from Level 2	-	18,450
Net change in unrealized depreciation in fair value	(322,682)	(47,865)
Balance, ending	63,608	28,575

The following table presents the movement in Level 3 for the year ended December 31, 2023:

	Bonds - long	Equities - long
Balance, beginning	389,926	-
Transfer from Level 1	-	29,220
Net change in unrealized depreciation in fair value	(3,636)	-
Balance, ending	386,290	29,220

Next Edge Biotech and Life Sciences Opportunities Fund

Notes to the financial statements (continued)

Quantitative and qualitative information regarding the unobservable inputs for material Level 3 positions is given below:

Description	Fair value as at December 31, 2024	Fair value as at December 31, 2023	Valuation technique	Unobservable input
Private Bonds	63,608	386,290	Discounted cash flow	Interest rate

7. REDEEMABLE UNITS

For the years ended December 31, 2024 and 2023, the Fund offered four classes of redeemable units: Class A, Class F, Class A1 units and Class F1 units. The class of Units selected affects the commissions that were payable by an investor, the management fees payable by the Fund, and the compensation that a dealer received in respect of the sale of Units.

All of the classes have the same investment objective, strategy and restrictions but differ in respect of one or more features, such as the management fee, sales commission, and service commission. The NAV per unit of each class would not necessarily be the same as a result of the different fees, expenses and distributions allocable to each class of Units. The Fund and the Manager do not charge a fee or commission when investors purchase Units of the Fund. An authorized broker, dealer or advisor may charge investors an upfront selling commission of up to 3.00% at the time of purchase of Class A1 units, which would reduce the amount of money invested in the Class A1 units of the Fund.

The number of units issued, redeemed or cancelled during the years ended December 31, 2024 and 2023 for each respective class is summarized in the following tables.

For the years ended December 31,	2024	2023
Class A		
Balance, beginning	1,000	1
Units issued for cash	638	999
Units redeemed	(1,000)	-
Balance, ending	638	1,000
Class F		
Balance, beginning	1,615	1
Units issued for cash	1,706	1,614
Balance, ending	3,321	1,615
Class A1		
Balance, beginning	456,287	692,797
Units issued for cash	10,388	39,076
Units redeemed	(119,540)	(275,586)
Balance, ending	347,135	456,287
Class F1		
Balance, beginning	1,439,736	1,072,820
Units issued for cash	547,369	525,408
Units redeemed	(369,766)	(158,492)
Balance, ending	1,617,339	1,439,736

Next Edge Biotech and Life Sciences Opportunities Fund

Notes to the financial statements (continued)

Capital management

The capital of the Fund is represented by net assets attributable to holders of redeemable units. As a result of the ability to issue and redeem redeemable Units, the capital of the Fund can vary depending on the demand for redemptions from and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no restrictions on the issue and redemptions of redeemable Units other than those set out in its Simplified Prospectus.

The Fund's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in the Simplified Prospectus;
- To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise; and
- To maintain sufficient size to make the operation of the Fund cost-efficient.

Reconciliation of valuation to Net Asset Value

As at December 31, 2024, there was a difference between the Net Assets as per the financial statements and the NAV for subscription and redemption purposes (valuation purpose), calculated in accordance with the offering memorandum.

<u>December 31, 2024</u>	<u>Class A</u>	<u>Class F</u>	<u>Class A1</u>	<u>Class F1</u>
Net Assets per financial statements	3,997	21,019	1,257,257	6,131,802
Redeemable units per financial statements	638	3,321	347,135	1,617,339
Net Assets per unit per financial statements	6.26	6.33	3.62	3.79
Net Assets per financial statements	3,997	21,019	1,257,257	6,131,802
Adjustment in fair value of equities	50	261	15,614	76,149
Net Asset Value per valuation	4,047	21,280	1,272,871	6,207,951
Redeemable units per valuation	638	3,321	347,135	1,617,339
Net Asset Value per unit per valuation	6.34	6.41	3.67	3.84

As at December 31, 2023, there was no difference between the Net Assets as per the financial statements and the NAV for subscription and redemption purposes (valuation purpose), calculated in accordance with the offering memorandum.

8. INCOME TAXES

The Fund qualifies as a "mutual fund trust" within the meaning of the Tax Act and the Fund elected under the Tax Act to be a mutual fund trust from the date it was established.

The Fund is subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of amounts paid or payable to unitholders (whether in cash or in units) in the year. An amount will be considered to be payable to a unitholder in a taxation year if it is paid in the year by the Fund or the unitholder is entitled in that year to enforce payment of the amount. The Fund makes sufficient distributions in each year of its net income and net capital gains for tax purposes, thereby permitting the Fund to deduct sufficient amounts so that the Fund will generally not be liable in such year for non-refundable income tax under Part I of the Tax Act.

Next Edge Biotech and Life Sciences Opportunities Fund

Notes to the financial statements (continued)

The Fund is entitled for each taxation year throughout which it is a mutual fund trust for purposes of the Tax Act to reduce (receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of units during the year (the “Capital Gains Refund”). The Capital Gains Refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year, which may arise upon the disposition of securities in connection with the redemption of units.

If the Fund does have income for tax purposes that is in excess of any distributions paid or made payable to unitholders during the year and the net realized capital gains of the Fund, the tax on which would be recovered by the Fund in the year by reason of the capital gains refund provisions of the Tax Act, in order to ensure that the Fund will not generally be liable for income tax under Part I of the Tax Act.

As at December 31, 2024, the Fund had \$730,734 capital losses (2023: \$730,734) and \$6,948,765 non-capital losses for tax purposes (2023: \$5,687,780).

9. FEES AND OPERATING EXPENSES

Annual Management Fees (% of net asset value of the class of the Fund)	
Class	Management Fee^{1,2}
Class A Units	1.50%
Class F Units	0.50%
Class A1 Units	1.00%
Class F1 Units	0.00%

1. Plus applicable HST.
2. The Manager may from time to time, in its own discretion, waive a portion of the management fee resulting in a reduction of the management fee charged. To the extent a portion of the management fee is waived, the Manager reserves the right to stop such waiver at any time and without notice to, or the consent of, unitholders.

For its services to the Fund, the Manager is entitled to receive from the Fund a management fee (the “management fee”) at (up to) an annual rate of: (i) 1.50% of the portion of its NAV represented by the Class A Units, (ii) 0.50% of the portion of its NAV represented by the Class F Units, (iii) 1.00% of the portion of its NAV represented by the Class A1 Units, and (iv) \$nil of the portion of NAV represented by the Class F1 Units, calculated daily and paid monthly in arrears, plus applicable taxes. The Manager uses these management fees to pay for sales and trailing commissions to registered dealers on the distribution of the Fund’s Units.

The Fund pays all its own operating expenses. These include but are not limited to brokerage commissions and fees, taxes, audit fees, legal fees and expenses, safekeeping, registrar and transfer agent fees, trustee and custodial fees, interest expenses, administrative costs, regulatory participation fees, investor servicing costs and costs of financial and other reports to investors, as well as prospectuses.

The Chair of the Independent review committee currently receives an annual retainer of \$12,000 and the other Independent Review Committee members an annual retainer of \$9,000, plus reimbursement of expenses, and all such fees and expenses of the Independent Review Committee will be paid by the Manager’s funds pro rata based on the amount of time spent on each of the funds’ business.

The Manager may, from time to time, in its sole discretion, pay all or a portion of any additional expenses which would otherwise be payable by the Fund. See note 10.

Next Edge Biotech and Life Sciences Opportunities Fund

Notes to the financial statements (continued)

Each class of Units is responsible for the expenses specifically related to that class and a proportionate share of the expenses that are common to all classes of Units.

Brokerage commissions and soft dollars

For the year ended December 31, 2024, \$nil (2023: \$59,105) of “soft dollars”, in which a brokerage firm is paid for its services through commission revenue by executing trades at the brokerage, were used to pay for operating expenses of the Fund.

Performance fees

The Fund will pay to the Manager, in respect of each fiscal quarter of the Fund, a performance fee equal to 20% of the gain in the NAV per Unit of a Class of Units of the Fund, accrued for on a daily basis, over the preceding fiscal quarter or quarters since a performance fee was last payable, provided that the NAV per Unit of the Fund (including distributions) is greater than all previous values at the end of each previous fiscal quarter in which a performance fee was paid.

10. RELATED PARTY TRANSACTIONS

The Fund's investment activities are managed by Next Edge Capital Corp.

(a) Management and performance fees

Under the terms of the investment management agreement, the Fund appointed the Manager to provide management services (note 9). Total management fees for the year ended December 31, 2024 amounted to \$18,388 (2023: \$30,027) and are reported in the statements of comprehensive loss, with \$3,602 in outstanding accrued fees due to the Manager as at December 31, 2024 (2023: \$11,334) reported in the statements of financial position.

Total performance fees for the year ended December 31, 2024 amounted to \$nil (2023: \$nil) and are reported in the statements of comprehensive loss, with \$nil (2023: \$nil) in outstanding accrued fees due to the Manager as at December 31, 2024 reported in the statements of financial position.

(b) Operating expenses

For the year ended December 31, 2024, the Manager absorbed expenses of \$147,994 (2023: \$211,015) shown in the statements of comprehensive loss. The Manager absorbs expenses at its sole discretion and may cease to absorb expenses at any time.

(c) Independent Review Committee fees

The total remuneration paid to members of the Independent Review Committee attributable to the Fund during the year ended December 31, 2024 was \$14,426 (2023: \$18,747).

11. GLOBAL TENSIONS

The ongoing military conflicts globally have continued to negatively impact regional and global financial markets and economies. The adverse effects include, but are not limited to, significant market volatility, inflationary pressures, increase in interest rates, increase in credit risk, strain on commodity markets, foreign currency exchange rate volatility and disruption of business operations. In light of the current environment of heightened uncertainty and market volatility, the Manager continues to closely monitor its impact on the Fund's risk exposures.

Next Edge Biotech and Life Sciences Opportunities Fund

General information

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